



**Entergy**

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**Entergy Arkansas**  
425 West Capitol Avenue  
P.O. Box 551  
Little Rock, AR 72203  
Tel 501 377 4000

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T.R.A. DOCKET ROOM

July 25, 2003

Ms. Deborah Taylor Tate, Chairman  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37243-0505

Re: Tennessee Regulatory Authority (TRA) Docket No. 01-00830  
Entergy Arkansas, Inc. Request for Approval to Enter Into Certain  
Financing Transactions During the Years 2002 Through 2003

Dear Ms. Tate:

Pursuant to the approving Order issued December 11, 2001, in TRA Docket No. 01-00830, please find attached for filing with the TRA the original and thirteen copies of Entergy Arkansas, Inc.'s compliance financing report filed July 24, 2003, with the Arkansas Public Service Commission in APSC Reporting Docket No. 86-033-A and APSC Docket No. 01-221-U.

This report is in regard to EAI's June 25, 2003, issuance of \$115 million aggregate principal amount of First Mortgage Bonds.

If you have any questions or need additional information, please do not hesitate to call me at 501-377-5489.

Sincerely,

William R. Morgan  
Manager, Regulatory Affairs

WM/tj  
Attachments



**Entergy**

ARK PUBLIC SERV. COMM.  
DIANA WILSON  
SECRETARY OF COMM.

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**Entergy Arkansas, Inc.**  
425 West Capitol Avenue  
P.O. Box 551  
Little Rock, AR 72203-0551  
Tel 501 377 4457  
Fax 501 377 4415

**FILED**

**Steven K. Strickland**  
Vice President  
Regulatory Affairs

July 24, 2003

Ms. Diana Wilson, Secretary  
Arkansas Public Service Commission  
P. O. Box 400  
1000 Center Street  
Little Rock, AR 72203-0400

Re: Originating Docket: 01-221-U  
Report Docket: 86-033-A  
Pursuant to Order No. 2  
In the Matter of the Application of Entergy Arkansas, Inc.  
for Authorization to Enter Into Certain Financing  
Transactions During the Years 2002 Through 2003

Dear Ms. Wilson:

Please find attached the original and thirteen copies of Entergy Arkansas, Inc.'s report to the Commission in the above-styled proceedings regarding its June 25, 2003, issuance of \$115,000,000 aggregate principal amount of First Mortgage Bonds. This report is required under Order No. 2 in Docket No. 01-221-U.

Please file this letter and the attached report in the appropriate docket.

Sincerely,

SS/tj  
Attachments

**ENTERGY ARKANSAS, INC.**

**ISSUANCE OF FIRST MORTGAGE BONDS:  
\$115,000,000 5% SERIES DUE JULY 1, 2018**

**EXECUTIVE SUMMARY**

**TRANSACTION ANALYSIS AND RESULTS**

On Wednesday, June 25, 2003, Entergy Arkansas, Inc. ("EAI"), issued \$115,000,000 aggregate principal amount of First Mortgage Bonds at an interest rate of 5%. The net proceeds will be used to redeem prior to maturity \$115 million principal amount of our First Mortgage Bonds, 6.65% Series due August 1, 2005. First Mortgage Bonds proved to be the best method for financing due to lower pricing and better demand (as compared to unsecured debt) in the current market environment. The new bonds mature in fifteen years and are callable at par after five years. Because EAI currently does not have any bonds registered with the SEC pursuant to the Securities Act of 1933, the new bonds were issued pursuant to SEC Rule 144A (unregistered). EAI has 315 days to register new bonds and finalize the offering to exchange them for the unregistered bonds which were issued.

The net proceeds from the issuance were \$113,526,850 after deducting underwriting expenses and initial offering discount. Additional expenses are estimated to be approximately \$150,000. Actual expenses will not be known for several months subsequent to closing.

**SUMMARY OF TERMS**

<u>Principal Amount:</u>	\$115,000,000
<u>Maturity Date:</u>	7/1/2018
<u>Optional Call Provisions:</u>	"Make-Whole" call until 7/1/08, then callable at par
<u>Underwriters:</u>	McDonald Investments and Wachovia (Joint Book-Runners)
<u>10 Year Treasury Yield @ Pricing:</u>	SG Cowen and Stephens Inc. (Co-Managers)
<u>Spread to Treasury:</u>	3.358%
<u>Yield to Public:</u>	1.70%
<u>Coupon Rate:</u>	5.058%
<u>Price to Public:</u>	5%
<u>Underwriters' Compensation:</u>	99.394%
<u>Price to Company:</u>	0.675%
<u>Proceeds to Company:</u>	98.719%
	\$113,526,850

**JOURNAL ENTRIES**

Exhibit A shows journal entries related to the issuance of the new series of First Mortgage Bonds.

ENTERGY ARKANSAS, INC.  
ENTRIES TO RECORD THE ISSUANCE OF  
\$115,000,000 FIRST MORTGAGE BONDS

**Entry No. 1**

Cash	\$113,526,850
Unamortized Debt Expense – FMB (Underwriting Fee)	\$776,250
Unamortized Discount on Long Term Debt	\$696,900
Long Term Debt – First Mortgage Bonds	\$115,000,000

To record the sale of \$115,000,000 principal amount of 5% Entergy Arkansas, Inc. First Mortgage Bonds, due July 1, 2018, and the related underwriting fee and issuance discount.

**Entry No. 2**

Unamortized Debt Expense – FMB	\$*	
Cash		\$*

To record expenses in connection with the issuance of \$115,000,000 principal amount of 5% Entergy Arkansas, Inc. First Mortgage Bonds, due July 1, 2018 (\*Total expenses are estimated to be approximately \$150,000. Actual expenses will not be known for several months subsequent to closing.)

**Entry No. 3**

Amortization – Discount on Long Term Debt	\$46,460	
Unamortized Discount on Long Term Debt		\$46,460

To record the annual amortization of debt discount in connection with the issuance of \$115,000,000 principal amount of 5% Entergy Arkansas, Inc. First Mortgage Bonds, due July 1, 2018.

**Entry No. 4**

Amortization – Expenses for Long Term Debt	\$51,750	
Unamortized Debt Expense for Long Term Debt		\$51,750

To record the annual amortization of underwriting fee in connection with the issuance of \$115,000,000 principal amount of 5% Entergy Arkansas, Inc. First Mortgage Bonds, due July 1, 2018.

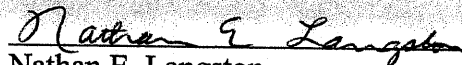
**Entry No. 5**

Long Term Debt	\$115,000,000	
Unamortized Loss	\$364,589	
Unamortized Expense		\$18,247
Unamortized Discount		\$346,342
Cash		\$115,000,000

To record the unwinding of the \$115,000,000 principal amount of 6.65% Entergy Arkansas, Inc. First Mortgage bonds due August 1, 2005 being redeemed in connection with the issuance of \$115,000,000 principal amount of 5% Entergy Arkansas, Inc. First Mortgage Bonds, due July 1, 2018.

ENTERGY ARKANSAS, INC.

I, Nathan E. Langston, Vice President and Chief Accounting Officer, attest on this 23<sup>rd</sup> day of July, 2003, that the journal entries attached as Exhibit A correctly reflect the effect of the sale on June 25, 2003 of \$115,000,000, 5% Entergy Arkansas, Inc. First Mortgage Bonds due July 1, 2018.

  
\_\_\_\_\_  
Nathan E. Langston  
Senior Vice President and Chief Accounting Officer